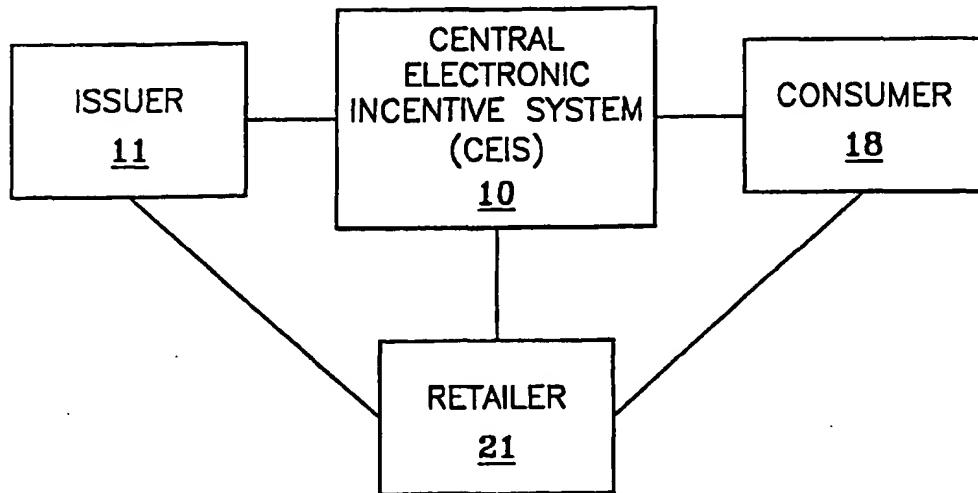




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(54) Title: CENTRALIZED ELECTRONIC INCENTIVE SYSTEM



(57) Abstract

A computer-implemented electronic incentive system and method where incentive targeting, distribution, selection, storage, redemption, clearing, reimbursement and data management take place electronically. The system makes incentives available in a central incentive system located within a computer system, targets incentives to specific consumers or groups of consumers, allows the consumer to select incentives and stores the consumer's identifying name or number along with the consumer's selected incentives, transmits the purchases of the consumer when the consumer makes a purchase at a retailer and gives the retailer the consumer's identifier and the retailer connects to the central incentive system and compares the purchases to the stored selected incentives for the consumer. If a match is made the incentive is applied and the consumer is automatically compensated. The system also provides for automatic reimbursement of the retailer. In addition, the consumer's purchase and incentive redemption data is stored and used to target future incentives to the consumer or a group to which the consumer belongs.

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## CENTRALIZED ELECTRONIC INCENTIVE SYSTEM

## TECHNICAL FIELD OF THE INVENTION

5 The present invention relates generally to manufacturer or retailer incentives that are applied to purchases made by a consumer. More particularly, the invention is a computer-implemented electronic incentive system and method where incentive targeting, distribution, selection, storing, redemption, clearing, reimbursement, and data management take place electronically.

## 10 BACKGROUND

Incentives have long been one of the leading tools manufacturers and retailers have had to generate increased sales. The most common incentives have been discounts in the form of coupons. Coupons are typically a printed piece of paper with information about the product, the discount value, and any restrictions (such as expiration dates or 15 number of items eligible). Most paper coupons are distributed in newspapers or through the mail. Consumers physically 'clip' the coupons and store them for the next visit to the store. At checkout the consumer gives the coupons to the teller, who will then credit the consumer for the value of coupons for which products were purchased. The coupons are then bundled together and sent to a clearinghouse to be manually verified and counted. 20 Once they are cleared, the manufacturer will reimburse the retailer, sometimes through a third party, for the discounts given.

Traditional coupons present a number of problems for issuers, retailers, and consumers. The redemption rate of coupons is low, typically about two to five percent. In addition, a large segment of the population avoids coupons entirely and cannot be 25 reached by marketers using discount promotions. For many consumers the inconvenience of clipping, storing, and remembering to bring the coupons to the store outweighs the potential savings.

Incentives in the form of coupons are also expensive to administer. Coupons cost issuers nearly one dollar of in-direct costs for each dollar of discount given to consumers. 30 Because of typically low redemption rates, issuers must pay for printing and distribution of up to 50 coupons for each one that is redeemed. Furthermore, the manual clearing process is extremely inefficient and adds unnecessary expense.

Incentives in the form of coupons are also ineffective because it is not possible to identify and target the specific consumers that will generate additional profits. Newspaper 35 and mass-mailing distribution channels do not allow micro-targeting, and marketers or issuers do not have the necessary information on each consumer's purchasing habits to make targeting decisions. Many coupons go to consumers who are not interested in the

product, with or without a coupon. And many coupons are redeemed by consumers who would have bought the product even without the coupon.

Incentives in the form of coupons are also prone to fraud. Fraud at the consumer and retailer levels is very high and difficult to prevent. Consumers often redeem expired 5 coupons, exceed limit restrictions, or fail to meet all of the requirements of cross promotions. Most tellers are poorly trained and motivated to prevent misredemptions and fraud. Retailer fraud is also very expensive and difficult to detect.

Incentives in the form of coupons are also expensive for retailers. Retailer handling costs are high because the coupon must be initially processed, counted, bundled together, 10 and sent to a clearinghouse. In addition, the retailers must often wait weeks or even months for the verification process to be complete before they are reimbursed.

Incentives in the form of coupons cannot be adjusted quickly in response to changing market or other business conditions that effect redemption and product sales. To be cost effective coupons must be sent out in large batches. Information on the success 15 of a particular coupon promotion, such as redemption rates, is only available many weeks or even months after the campaign is launched since redemptions must be verified by hand-counting. Marketers and issuers cannot quickly adjust a particular coupon promotion by changing the discount amount or the expiration date, or even adjusting the number of coupons distributed. It is difficult to predict the cost of a coupon campaign and similarly 20 difficult to estimate the number of coupons needed to generate the desired sales increase. This can lead to further problems with inventory management if the campaign is much more or less successful than expected.

Incentives in the form of coupons are also inflexible. Coupons are practical only with simple, straightforward money off offers. Traditional coupons don't work well with 25 complex cross promotions – buy product A and B, and receive product C free. Traditional coupons don't allow marketers to use promotions that target inducing purchasing over more than one shopping trip (i.e. buy ten (10) units of product A over the next 4 months and receive 2 free units of product A). In addition, traditional coupons can't be varied for different customers.

30 Incentives in the form of coupons are mostly used for supermarket products only. The distribution channels and the lack of targeting data dictate that coupons work most effectively with products such as fast-moving-consumer-goods that are used by many people and that are purchased very frequently. Coupons are not cost-efficient for products and services that are used by only a small segment of the population or which 35 are purchased infrequently. In addition, discount coupons are difficult to use with Internet, phone, or other 'virtual' forms of retailing.

In summary, traditional coupons are extremely expensive for both manufacturers and retailers and are subject to millions of dollars of fraud annually. As a marketing tool they are ineffective, inflexible, and cannot be targeted to profit-increasing consumers. Additionally they are only useful in promoting fast-moving-consumer-goods, while ignoring 5 the needs or specialized or localized products or services. Finally, a large segment of the population avoids coupons entirely and is inaccessible to marketers using discount promotions.

There have been attempts to move away from traditional coupon methods. A number of systems now allow consumers to access electronic coupons through a 10 networked PC (via either e-mail or the Internet) and then print the coupon, before redeeming it as an ordinary paper coupon. The disadvantages of this type of system include fraud, since the coupons can be altered or printed multiple times, inconvenience because the consumer must carry paper coupons to the retailer, expensive to process and clear (similar to paper coupons) and they cannot be targeted because the system gathers 15 little information on the consumer's purchasing habits.

Other attempts at innovation include electronically selected, mailed paper coupons where paper coupons are delivered through the mail after the consumer selects them over the retailer's website and enters either their loyalty card or basic demographic information and an address. The disadvantages include the consumer must visit different website for 20 each retailer, the cost of mailing, the expense of processing and clearing, and the gathering of little or no information on the consumer's other purchases.

Still others have used or proposed systems that allow consumers to download electronic discount coupons via a networked PC onto Integrated Circuit cards (called "Smartcards"). The electronic coupons might be downloaded using IC card readers linked 25 to the consumers' PCs. At checkout the IC cards would be read by a retailer's point of sale system (POS) to access the discounts available to that consumer. The POS compares the coupons and purchases and makes the appropriate redemption immediately at checkout. Redeemed coupons would be erased from the card by the POS system. The disadvantages include few consumers currently have IC card recorders, IC hardware 30 installation is expensive for retailers, potential for fraud, difficult to verify and clear, discounts are stored on a single card so each family member would need a separate card, the IC cards may not work with virtual retailers, and only a limited amount of data can be gathered and accessed on the consumer's purchasing habits.

Several paperless coupon systems have been developed. In one system, 35 consumers can access (over the Internet) a page of coupons redeemable at one local retailer. At checkout they present a customer identification number (or loyalty card) which allows the POS system to identify the discounts they are eligible for. The POS system

identifies matches between the purchases and the eligible discounts and a special printer issues the discount in paper retailer money which can be used as cash during their next visit. The disadvantages include discounts are specific to one retailer (supermarkets only), and the discounts must be redeemed at the store where they were issued. In addition,

5 currently there is no active selection by consumers, so they can receive discounts that they were not even aware of. Furthermore, currently offers are not targeted or tailored to specific consumers, the system requires the installation of a proprietary printer and computer hardware at the retailer, and limited purchasing data is gathered.

In another system, members of a loyalty card program access the retailer's website  
10 where they have a "frequent shopper coupon account" where they can view coupons which were electronically programmed into their frequent shopper accounts. Data from the "frequent shopper coupon accounts" on the web-site is updated twice a day to each location's POS system. When the frequent shopper member presents his card at checkout, the POS automatically checks if any coupons were held for the items that were  
15 purchased and gives the appropriate discounts. The disadvantages of this system are that it is tied to one retailer so the discount is only redeemable at that one retailer, the website is retailer specific so the consumer would have to go to a different website for each retailer used. This is not a real-time system so consumers could repeat the same discount at different stores in the same day. The data is downloaded periodically to each retail  
20 location instead of being accessed when needed resulting in unnecessary data transmissions. The system also requires large quantities of data storage at each retailer location (not feasible for non-supermarket retailers). Finally, this system allows purchasing data to be gathered from only one retailer.

Another system allows consumers to access individually targeted electronic  
25 coupons over the Internet using their PCs. Consumers link to a website, which offers electronic coupons that can be either printed out and physically redeemed, or sent via e-mail from the website to the retailer's computer system. Another option is to store the coupon on the user's PC for later use (printed or sent via email). The disadvantages of this system include the need to store 'clipped' coupons on a particular retailer's system so that  
30 only that retailer can access and redeem the discount, coupons must be moved from the issuer to the user's PC to the retailer's system so the management of the routing, storage, redemption, and verification processes is complex, no data on customer buying habits is collected so targeting of offers to specific customers is not possible.

These recent attempts at advancement share one common element that creates a  
35 number of serious problems. They all decentralize the storage and redemption functions so that redemption can be conducted at the point of sale and at the time of sale. Thus, these systems typically transmit the coupons electronically to the retailer's on-site point-of-

sale systems where they are stored until they are redeemed. The decentralized storage and redemption requirement leads to at least five problems.

First, the discount issuers do not have a single simple interface for reaching each consumer. Since the electronic discounts must be stored at one particular retailer, they 5 can only be accessed and redeemed by that one retailer. A manufacturer cannot send one incentive to a customer that is useable at any retailer that sells the manufacturer's product. The issuer might have to send each consumer a different discount for each retailer used by the consumer.

Second, consumers don't have a single, simple interface to receive and redeem 10 discounts for the entire range of products and services they purchase. Since these systems are typically linked to one supermarket chain the consumer would have to go to multiple web-sites to get coupons useable at other supermarkets. And the consumer would have to go to still other web-sites for discounts redeemable at other non-supermarket retailers. The consumer would also have to carry multiple customer id cards 15 to receive discounts at multiple retailers.

Thirdly, the incentives offered by these systems must be fairly simple since only limited data can be stored in each retailer's POS system. The decision on granting a discount must be made solely on the basis of the scanned purchases and the downloaded coupons so simple one-time money off discounts must be used. It is not possible to utilize 20 incentives that generate customer loyalty to the product over a period of time encompassing more than one visit and/or more than one retailer. They do not allow the issuer to use incentives that will motivate the consumer to become a loyal customer of the brand over a period of time. For example, they do not allow the issuer to offer the consumer two units free if the consumer buys ten units of a product over a certain time 25 period. And they do not allow the issuers to tailor the incentive based on the individual 'buying threshold' of each consumer. Each consumer has a minimum 'price' (from full price to free) at which they will buy a particular product. However the current systems only allow the issuer to use a one size fits all approach.

Fourth, the decentralization leads to unnecessary data transmission and requires 30 extensive data storage and processing hardware and software. Each coupon is transmitted periodically to each 'on-site' retailer location. Thus while it is redeemed only once, it is likely transmitted many times to many places where it isn't needed. Decentralized storage also requires that each retail site have the ability to store any 35 coupon that might be redeemed at that location. Given the potential number of consumers (each with many coupons), a large amount of data would have to be stored at each retailer. While this system might be feasible for large supermarkets with state of the art POS systems, it is not efficient for most non-supermarket retailers. Additionally, the

electronic transmission of electronic coupons creates the risk of fraud and counterfeiting by both consumers and retailers.

Lastly, the current systems do not effectively gather and use purchasing data to micro-target discounts to individual consumers. In many cases these systems only gather 5 information on which coupons are selected and used by each consumer. In some cases they gather data on all of the consumer's purchases at one particular retailer. But in no cases do they gather data on the consumer's purchases from multiple retailers covering every product and service purchased. Therefore it is impossible for the issuers to develop 10 a clear picture of each consumer's buying habits across the full range of products and services.

#### SUMMARY

The present invention, which is an electronic incentive system, solves many of these problems because the system centralizes the entire process of targeting, distributing, selecting, storing, redeeming, and clearing of electronic incentives. The 15 centralized system is technologically efficient in that it uses a minimal amount of hardware, software, and transmission capabilities. Centralization also allows data on all purchased products to be gathered from all retailers and service providers, not just one location or one chain. This data can be used to efficiently and effectively micro-target incentives to individual consumers. This data is also critical in being able to offer complex incentives 20 covering multiple shopping trips and multiple retailers. Finally, centralization also provides the consumer with one simple interface, rather than different electronic locations (or websites) and identification cards for different retailers or types or products.

The present invention centralizes the storage and redemption processes. Since the coupons are stored centrally they can be accessed and redeemed by a multitude of 25 retailers. Consumers need only to identify themselves to access incentives on any type of product or service. Centralization also allows purchasing data to be efficiently collected from multiple retailers and easily used by manufacturers to micro-target offers.

Throughout this document, the terms retailer and service provider are used. The terms may be considered interchangeable. For example, when the term retailer is used, it 30 includes any retail or service provider which sells products or services electronically (for example via the Internet or telephone) or which sells products or services at a physical location.

Throughout this document the terms links and linking indicate an electronic transmission of data, either via a direct connection, through an Internet, intranet or 35 extranet connection, e-mail connection or other type of network connection that allows data to be transferred between computers.

Throughout this document the terms issuer, marketer, and manufacturer are used. These terms may be considered interchangeable. They refer to the entity that would make an offer available to the consumer. A retailer or service provider may issue incentives to consumers. Also it is possible that several parties would join together to offer incentives.

5 In some cases third parties or promoters might offer incentives.

Throughout this document the terms redeem and redemption are used. This refers to the process of verifying that the terms of an incentive were met and issuing the incentive to the consumer. A redeemer may be either the central electronic incentive system, a retailer, issuer or marketer.

10 Throughout this document the terms consumer and customer are used. These terms should be considered interchangeable and refer to the party which is offered incentives to purchases products and services. These terms generally refer to an individual or a group of individuals such as a family, though the consumer may also be a business entity or organization.

15 Throughout this document the terms reimburse and reimbursement are used. This refers to the process of transmitting payment from the issuer to the redeemer.

The present invention is a computer implemented electronic incentive method in a central computer system comprising identifying a consumer to be offered incentives and making incentives for products and services electronically available to the consumer

20 identified, allowing the consumer to select one or more incentives when the consumer links to the central computer, identifying the consumer with a selected incentive and storing the selected incentive by consumer in the central computer, electronically transmitting by the retailer a list of consumer purchases to the central computer system when a consumer makes a purchase from a retailer and comparing the list of purchases  
25 with the consumer's selected incentives. If a match is made, the incentive is applied to the purchase and is indicated as redeemed so the consumer cannot use it again. Finally, the redemptions are electronically cleared and the issuer makes reimbursement to the redeemer.

Identifying a consumer to be offered incentives for products and services  
30 electronically further comprises an issuer of incentives submitting criteria for consumers to be offered incentives to a targeting and distribution function, identifying the targeted consumers by the targeting and distribution function using the criteria and notifying the issuer of the targeted consumers and after the issuer approves the targeted consumers, making the incentives electronically available to the consumer.

35 Identifying the consumer with a selected incentive and storing the selected incentive by consumer comprises assigning a unique identifier to each consumer,

allowing the consumer to view and select incentives, and storing the incentive and the consumer's unique identifier when the consumer selects incentives. Consumers may be offered incentives based on previous purchases by the consumer and incentives previously selected by the consumer or based on a demographic or purchasing profile of

5 the consumer.

A list of consumer purchases, redeemed incentives and selected incentives are stored along with the consumer identifier to be used in targeting future incentives.

Applying the incentive to the purchase comprises automatically crediting an incentive

amount to the consumer by notifying the retailer of the incentive amount and the retailer

10 pays the incentive amount to the consumer. Alternatively, applying the incentive to the purchase comprises automatically crediting an incentive amount to the consumer by sending the incentive amount to the retailer and the retailer deducts the incentive amount from the purchase price. Alternatively, the applying the incentive to the purchase comprises crediting the incentive amount to the consumer and sending payment to the consumer after the purchase has been made. Sending payment to the consumer may comprise paying the consumer by selecting payment from the group consisting of sending a check in the incentive amount to the consumer, electronically transferring the incentive amount to the consumer's bank account and crediting the incentive amount to the consumer's credit card account.

15 20 Alternatively, sending payment to the consumer may comprise paying the consumer by selecting from the group consisting of free products, free services and entry into contests.

The incentive redeemer may be automatically reimbursed for the incentive amount.

The redeemer may be either the central electronic incentive system, a retailer, issuer or marketer. The automatic reimbursement to the redeemer comprises selecting payment

25 from the group consisting of sending a check for the incentive to the redeemer, electronically transferring the incentive amount to the redeemer's bank account, crediting the incentive amount to the redeemer's credit card account and crediting the incentive amount to purchases made by the redeemer for products and services.

The present invention comprises an electronic incentive system with

30 means for making incentives available in a central incentive system located within a computer system, means for targeting incentives to specific consumers, means for allowing a consumer to connect to the central incentive system, means for if this is the first time the consumer has accessed the central incentive system, assigning an identifier to the consumer, means for based on the consumer's identifier, 35 allowing the consumer to selectively view incentives located in the central incentive system, means for allowing the consumer to select incentives and storing the consumer identifier along with the consumer's selected incentives, means for transmitting the

purchases of the consumer when the consumer makes a purchase at a retailer and gives the retailer the consumer's identifier and the retailer connects to the central incentive system and means for comparing the purchases to the stored selected incentives for the consumer and if a match is made, applying the incentive and compensating the consumer.

5

## BRIEF DESCRIPTION OF THE DRAWINGS

These and other features, aspects and advantages of the present invention will become better understood with regard to the following description, appended claims and accompanying drawings where:

Fig. 1 shows a functional block diagram of the central electronic incentive system.

10 Fig. 2 shows a more detailed functional block diagram of a centralized electronic incentive system.

Fig. 3 shows a functional block diagram of an alternate embodiment of a centralized electronic incentive system.

15 Fig. 4 shows a flow diagram of an electronic incentive method.

Fig. 5 shows a flow diagram of a method of targeting and distributing electronic incentives in a centralized electronic incentive system.

Fig. 6 shows a flow diagram of a method of selecting and storing electronic incentives in a centralized electronic incentive system.

20 Fig. 7 shows a flow diagram of a method of redeeming electronic incentives in a centralized electronic incentive system.

Fig. 8 shows a flow diagram of an alternate method of redeeming electronic incentives in a centralized electronic incentive system.

Fig. 9 shows a flow diagram of a method of clearing and reimbursing electronic incentives in a centralized electronic incentive system.

25 Fig. 10 shows a flow diagram of a method of data management in a centralized electronic incentive system.

## DETAILED DESCRIPTION OF THE DRAWINGS

Fig. 1 shows a functional block diagram of the central electronic incentive system. Issuers 11 submit criteria for potential target consumers to the centralized electronic incentive system 10 located within a central computer or system of computers, which then offers electronic incentives to a consumer or group of consumers 18. A consumer 18 can access the centralized electronic incentive system 10 via a remote connection such as the Internet, Intranet, direct-dial, wireless or similar means. The consumer 18, after being assigned an identifier, selects incentives. The centralized electronic incentive system 10 then activates and stores the incentive by consumer identifier. When the consumer makes a purchase from retailer or service provider 21 at a physical or virtual store location and provides the consumers' identifier, the retailer 21 connects to the centralized electronic

incentive system 10 via a remote connection and sends the consumer identifier and information about the consumer's purchases. If a match is made between the consumer's purchases and electronic incentives, the electronic incentive is redeemed and the consumer receives the incentive amount at the time of purchase through the retailer.

5    Alternatively, the consumer 18 can receive the incentive from the centralized electronic incentive system 10 or issuer 11, such as a rebate check or other form of compensation. The incentive is marked as redeemed by the centralized electronic incentive system 10. The centralized electronic incentive system 10 collects information regarding the consumer's purchases along with the consumer's selected and unselected incentives

10    which may then be provided to the issuer 11 to be used for targeting future incentives.

Fig. 2 shows a more detailed functional block diagram of a centralized electronic incentive system 10, which is located within a central computer, or system of computers. Issuers 11 submit criteria for a potential target consumer or group of consumers 12. The Targeting and Distribution System (TDS) and Data Management System 13 uses these

15    criteria and the purchasing, demographic, and preference data stored on each consumer (or group) to identify a potential target consumer or group of consumers. The TDS notifies the issuer of the results from the search 14. The issuer may either accept the results or refine the criteria and resubmit them 12. Once an acceptable consumer or group of consumers is identified, the issuer sends approval for the target consumer or group to

20    TDS along with details of the incentives to be offered (such as product, discount amount, and the expiration dates) 15. The TDS distributes 16 the incentives to the Selection and Storage System (SSS) 17 where they can be accessed by consumers 18. A consumer may connect to the SSS using an electronic device (such as a personal computer, network computer, or telephone) via a remote connection such as the Internet, an Intranet, direct-dial, wireless or similar means 19. The consumer is assigned a unique identification name or number. If the consumer already has an identification name or number, the consumer enters that identifier. The consumer can then view and select 19 incentives that were offered to him or her. Selected incentives are activated and stored so that a consumer can use them. Unselected incentives remain inactive. The consumer is also be able to

25    perform other account management activities such as viewing and/or printing lists of their redeemed, unredeemed, or partially redeemed incentives 19. The consumer then makes a purchase 20 from a retailer or service provider 21. The purchase may be made from a virtual retail or service provider (for example via an Internet shopping web site) or at a physical retail or service provider location. The consumer provides his or her unique

30    identifier to the retailer via a bar code, magnetic stripe, or other means which may be imprinted on a card which is readable by the retailer's Point-of-Sale (POS) system. The retailer or service provider 21 connects to the Centralized Electronic Incentive System 10

35    10

via a remote connection such as the Internet, an Intranet, direct-dial, wireless or similar means. Retailer 21 sends the consumer's unique identifier along with the list of purchases 22 to the Redemption System (RS) 23. The RS 23 makes a record of the consumer identifier, time, retailer location, and purchased items and prices. The RS 23 also submits 5 this information 24 to the SSS 17. The SSS 17 checks for matches between the products or services purchased and the stored incentives for that consumer and returns 25 a list of verified redemptions to the RS 23. The SSS 17 records each redeemed incentive as 'redeemed' so that it is no longer eligible for redemption. The RS 23 sends a list and totals 10 of verified redemptions 26 to the retailer 21. The retailer 21 provides the incentive to the consumer in the form of a deduction from the bill, a cash rebate, a store credit, or other type of compensation 27. The RS 23 supplies information 28 on redemptions 28 (including consumer identifier, incentive identifiers, redemption time, and redeeming 15 retailer location) to the Clearing and Reimbursement System (CRS) 29. The CRS 29 audits redemptions for fraud or errors. The CRS 29 sends each issuer 30 a verified list and total of redemptions 30 made by each retailer 21. The CRS 29 will also send each 20 retailer 31 a verified list and total of redemptions 31 made for each issuer 11. Each issuer 11 will reimburse each retailer 21 according to the redeemed total 32 provided by the CRS 29. The SSS 17 sends data on each consumers purchases (time, retailer location, and purchased items and prices) along with information on the consumers selected and 25 unselected incentives 33 to the TDS 13 to be used for targeting future incentives. The CRS 29 sends data on redemptions 34 to the TDS 13 to be used for targeting future incentives 13. The TDS 13 may provide retailers 21 with reports detailing the buying habits and/or incentive redemption habits of individual consumers or groups of consumers 35. The TDS 13 may provide issuers 11 with reports detailing the success of a particular 25 incentive campaign, or the buying habits and/or incentive redemption habits of individual consumers or groups of consumers 36.

Fig. 3 shows a functional block diagram of an alternate embodiment of a Centralized Electronic Incentive System 10, which is located within a central computer, or 30 system of computers. Issuers 11 submit criteria for a potential target consumer or group of consumers 12. In an alternate embodiment, the functions of the issuer 11 may be partly or wholly conducted by or within the Centralized Electronic Incentive System (CEIS) 10. In addition, some of the functions of the CEIS 10 may be performed by the retailer 21. The Targeting and Distribution System (TDS) and Data Management System 13 uses these criteria and the purchasing, demographic, and preference data stored on each consumer 35 (or group) to identify a potential target consumer or group of consumers. The TDS 13 notifies the issuer 11 of the results from the search 14. The issuer 11 may either accept the results or refine the criteria and resubmit them 12. Once an acceptable consumer or

group of consumers is identified, the issuer 11 sends approval for the target consumer or group to TDS 13 along with details of the incentives to be offered (such as product, discount amount, and the expiration dates) 15. The TDS distributes 16 the incentives to the Selection and Storage System (SSS) 17 where they can be accessed by consumers

5 18. A consumer may connect to the SSS 17 using an electronic device (such as a personal computer, network computer, or telephone) via a remote connection such as the Internet, an Intranet, direct-dial, wireless or similar means 19. The consumer is assigned a unique identification name or number. If the consumer already has an identification name or number, the consumer enters that identifier. The consumer can then view and select

10 19 incentives that were offered to him or her. Selected incentives are activated and stored so that a consumer can use them. Unselected incentives remain inactive. The consumer will also be able to perform other account management activities such as viewing and/or printing lists of their redeemed, unredeemed, or partially redeemed incentives 19. The consumer then makes a purchase 20 from a retailer or service provider 21. The purchase

15 may be made from a virtual retail or service provider (for example via an Internet shopping web site) or at a physical retail or service provider location. The consumer provides his or her unique identifier to the retailer via a bar code, magnetic stripe, or other means which may be imprinted on a card which is readable by the retailer's Point-of-Sale (POS) system. The retailer or service provider 21 connects to the Centralized Electronic Incentive System

20 10 via a remote connection such as the Internet, an Intranet, direct-dial, wireless or similar means. Retailer 21 sends the consumer's unique identifier along with the list of purchases 22 to the Redemption System (RS) 23. The RS 23 makes a record of the consumer identifier, time, retailer location, and purchased items and prices. The RS 23 also submits this information 24 to the SSS 17. The SSS 17 checks for matches between the products

25 or services purchased and the stored incentives for that consumer and returns a list of verified redemptions 25 to the RS 23. The SSS 17 records each redeemed incentive as 'redeemed' so that it is no longer eligible for redemption. The RS 23 provides the incentive to the consumer in the form of a cash payment, credit to credit card bill, free products, entry into sweepstakes, or other form of compensation 26. The RS 23 supplies information

30 on redemptions 27 (including consumer identifier, incentive identifiers, redemption time, and redeeming retailer location) to the Clearing and Reimbursement System (CRS) 29. The CRS 29 audits redemptions for fraud or errors. The CRS 29 sends each issuer 11 a verified list and total of redemptions made 129. Each issuer 11 will reimburse 30 the Centralized Electronic Incentive System 10 according to the redeemed total provided by

35 the CRS 29. The SSS 17 sends data on each consumer's purchases (time, retailer location, and purchased items and prices) along with information on the consumer's selected and unselected incentives to the TDS 13 to be used for targeting future

incentives 31. The CRS sends data on redemptions to the TDS 13 to be used for targeting future incentives 32. The TDS 13 may provide retailers 21 with reports detailing the buying habits and/or incentive redemption habits of individual consumers or groups of consumers 33. The TDS 13 may provide issuers with reports detailing the success of a 5 particular incentive campaign, or the buying habits and/or incentive redemption habits of individual consumers or groups of consumers 34.

Fig. 4 shows a flow diagram of a Centralized Electronic Incentive Method 300. Issuers (such as manufacturers, retailers, and service providers) target incentives to individual consumers or groups of consumers 301 based on the consumer or group buying 10 habits or other profiling information. The targeting and distribution process is described in further detail in Fig. 5. To access the incentive, the consumer connects to the central electronic incentive system via an Internet, Intranet, direct dial-up, wireless or other type of remote connection 302. If the consumer is already registered 303 to use the system, the consumer identifies himself or herself 304. If the consumer is not already registered, he or 15 she may then do so (by entering additional profile information such as name, address of residence, etc.) and be assigned an identifying name or number 305. Alternatively, the central electronic incentive system may not require the consumer to give profile information. The consumer may then view and select incentives that have been offered to that consumer 306. The central electronic incentive system stores the consumer's 20 identifying name or number and the consumer's incentive selections 307. In a preferred embodiment, this information is stored in a virtual incentive page or box that organizes the information by consumer. The consumer may view and/or print a list of the incentives, along with other information such as the length of time for which the incentive is valid and the places the incentive is valid 308. The consumer may also view and/or print the total 25 amount of incentives already received. In another embodiment, the consumer may be able to download and/or view either a summary or complete list of purchases for budgeting purposes. In another embodiment, the list of purchased items can be used to predict shopping needs and can help facilitate automatic preparation of shopping lists to be used for electronic ordering of products. The Selection and Storage Process is described in 30 further detail in Fig. 6. The consumer then visits the retailer or service provider, either physically or electronically and makes a purchase 309. Purchases are typically priced and recorded by the retailer using a POS system, which includes a scanner for reading each product's Universal Product Code (UPC). The consumer gives the retailer or service provider his or her consumer electronic incentive identifying number 310. The retailer or 35 service provider connects to the central electronic incentive system computer and sends a list of consumer purchases to the central electronic incentive system 311. In a preferred embodiment, this is accomplished in real-time or close to real-time while the consumer is

completing the transaction (described in detail in Fig. 7). In an alternate embodiment this may be accomplished after the consumer-retailer transaction is completed (described in detail in Fig. 8). The central electronic incentive system compares consumer purchases to consumer incentive selections 312. If the redemption is to be completed by the retailer 5 313, a list and total of verified incentives is sent to the retailer 314 (described in detail in Fig. 7). The retailer compensates the consumer via credit to bill, cash rebate, free products or similar compensation 316. In a preferred embodiment the retailer will compensate the consumer immediately at checkout. The retailer and issuer will both be notified of the verified and audited redemption or group of redemptions 10 317. The issuer will reimburse the retailer based on the verified and audited amount provided by the CEIS 318. If the redemption is not to be completed by the retailer, the issuer may complete it 315. In this embodiment, the list of verified redemption will be sent to the issuer 321. The issuers will complete the redemption by compensating the consumer for the incentive 322. If the redemption is not to be completed by the retailer or the issuer it may be completed 15 by the CEIS. In this event, the CEIS will directly compensate the consumer for the redemption via cash check or electronic transfer, credit to a credit card account, or similar compensation 323. In another embodiment the consumer may compensated via a third party such a bank, credit card company, or airline frequent flyer program. The issuer will be notified of the verified and audited redemptions 324. The issuer will reimburse the 20 CEIS or other third party redeemer for the compensation provided to consumers for the issuer's incentives 325. Finally, in all embodiments the CEIS will prepare and distribute to issuers, retailers, and third party marketers a variety of marketing reports and data derived from the selection, redemption, and purchasing data collected for each consumer during the process 326. This information may be used to target future incentives and for other 25 marketing purposes.

Fig. 5 shows a flow diagram of the process for targeting and distributing incentives 400 within the Centralized Electronic Incentive System. In the first step, 401 targeting criteria are transmitted to the Targeting and Distribution System (TDS). The incentive issuer identified these criteria in order to identify target customers to be offered incentives. 30 For example, the issuer could request that the system identify customers in a certain geographical area who have purchased each of two competing products, but not the issuer's product, within the last month. The TDS will process 402 the request using the criteria and the stored data on customer purchases, incentive usage, expressed preferences, and demographic profiles. The TDS will store data on each participating 35 consumer including purchase history (including items purchased, time/date, location, price, etc.), incentive history (number of currently eligible incentives, % of incentives redeemed, etc.), demographic profile (age, gender, family size, income, zip code, etc.),

and expressed purchasing preferences (favorite brands, products, type of incentives, etc.). This data can be stored on a database and sorted using the selected criteria to identify a target consumer or group of consumers. In an alternate embodiment, consumer profiles will be developed to group consumers and expedite the targeting process. After the 5 request is processed, the results are summarized and the TDS transmits the summarized results to the issuer 403. This summarized preliminary information will include data such as number of target consumers and breakdowns by purchasing history, incentive history, demographics, and expressed preferences. To ensure privacy of the consumer it may not include name, address, phone numbers, email addresses or any other means of 10 identifying specific consumers. The issuer will then notify the issuer as to whether the preliminary target group is approved 404. If the group is not approved, the issuer resubmits 401 different criteria to increase, decrease, or change the composition of the preliminary target group. Once a target individual or group of individuals is approved, the issuer will transmit details of the incentive campaign to the TDS 405. These details would 15 include the incentive value and requirements: UPC code(s) for the product(s), quantity of products (min/max), expiration dates, valid locations, and miscellaneous restrictions. The incentive details could be varied or adjusted for each consumer. For example, each consumer might receive a different expiration date for the incentive, based on a mathematical equation of the consumer's purchasing frequency over the last year and 20 number of total shopping trips in the last 6 months. The value of the incentive (and any other terms) might be similarly tailored. The Distribution System would then prepare the incentives to be offered by linking the incentive details with each consumer's identifier 406. Each incentive would include some or all of the following data: customer id number, 25 incentive requirements, incentive value, activated/inactive (has the consumer selected this incentive), length of time to display before the incentive is removed (how much time does the consumer have to activate the incentive), number of times the consumer has viewed an inactive incentive without activating it (can be updated by system), record of requirements partially met to date: accumulated purchases towards the incentive to date, including info on each of the past purchases (can be updated by system). In a preferred 30 embodiment, each incentive might also be given a unique incentive identifier for tracking, redemption, or clearing purposes. The incentives are then distributed to the Selection and Storage System (SSS) where they can be accessed, selected and redeemed by consumers 407. The TDS gathers data from the SSS and CRS and prepares reports for issuers on the results of each incentive campaign 408. For example, the TDS may track 35 and record results such as redemption rates, usage areas, selection rates, sales increases/rates among incentivized customers vs. non-incentivized customers, etc. The TDS also updates its data on consumer's purchasing history, incentive history,

preferences, and demographics with data from the SSS and CRS 409. For example, the Clearing and Reimbursement System (CRS) provides data on each consumer's purchases (customer's number, products, price, date and time, and location) to the TDS. The TDS may use the updated data to prepare reports for issuers, retailers, and/or third-party marketers on purchasing trends, incentive usage, price trends, market shares, etc.

5 The TDS will present the results of the campaign to the issuer 410. These results may be in either raw data or processed reports. The issuer will then review the results of the incentive campaign and make adjustments such as sending out more incentives, increasing the value, or shortening the expiration period 411.

10 Fig. 6 shows a flow diagram of the Selection and Storage Process of the Centralized Electronic Incentive Method 500. Consumer connects to CEIS via a network connection such as Internet, Intranet, direct dial-up, wireless, coaxial cable, etc. 501. In the preferred embodiment, the consumer will use an electronic device such a personal computer or network computer, though other electronic devices such as personal digital assistants (PDAs), pagers, mobile or wired telephones, television based web browsers (such as WebTV), or similar devices may be used. If the consumer is already registered with the system 502, he or she may sign-in by entering their consumer identifier (name or number) and a PIN code 503. In the preferred embodiment, the consumer can then access their "account home page" from where they can perform a variety of account

15 management functions 504. The consumer may have the option to update their demographic and preference profiles 505. The consumer will also be able to view a list of all active incentives 506. These lists may be sorted or searched by category, product group, brand name, etc. These lists and other account information may be viewed online and may also be printed, sent via email, or stored electronically by the consumer's

20 electronic device. The consumer will also be able to view a list and total of incentives redeemed to date 507. In the embodiment when the retailer is not redeeming the incentives, the consumer may also be able to signal when and where the redemptions should be paid. The consumer will also be able to view a list or various summary breakdowns of their purchasing history 508. The consumer may also choose to view

25 offered, but not yet selected, incentives 509. All these lists and other account information may be viewed online and may also be printed, sent via email, or stored electronically by the consumer's electronic device. New incentives can be viewed and selected as a list or singly. They may be viewed by category (food, restaurants, automotive, etc.) or searched by name of issuer (such as the manufacturer of the product), or product type (soft drinks,

30 hamburgers, oil changes, etc.). After viewing each incentive or group of incentives, the consumer will have the option of selecting the incentive 510. The action required for selection will vary depending on the device used to view the incentives: for PCs the

35

consumer will click on a 'clip' icon, for telephones the consumer may enter a number into the keypad, or television a key on a remote control may be pushed. After the consumer selects the incentive, the issuer may be given a short amount of time to display an advertisement or product information 511 while the incentive is stored 512. This may take

5 the form of a banner, streaming video, an applet, or similar means of displaying a short advertisement. Links may also be provided to issuer or product information. Once a consumer has selected an incentive it is recorded by the SSS as 'active' and is then eligible to be redeemed by the consumer. Each active incentive consists of a variety of data such as the consumer's unique identification name or number, the incentive's unique

10 identifier, the time and date of activation, the incentive's requirements (product's unique identifier, amount of incentive, expiration date, special restrictions, etc.), and a updateable record of partial fulfillment of the incentive. In the preferred embodiment, the incentives (selected, not-yet-viewed, and viewed but not yet selected) will be stored on a database that can be sorted by any of these data fields. The system is able to quickly sort the

15 incentives by customer to be able to quickly provide account information to a consumer and to be able to provide incentive information for the redemption process. To meet these needs, the database may be organized around consumer 'incentive boxes', which meet these two requirements in a time efficient manner, and in a way that minimizes data processing needs. After the Incentive(s) is stored the consumer returns to the list of

20 offered incentives 509. If the viewed incentive is not selected, the consumer may signal the system to 'throw away' a single incentive or group of incentives, in which case the advertisement will not be displayed, and the incentive will not be made available for the consumer 513. Incentives, which are thrown-away, are recorded as 'discarded' and cannot be viewed, selected, or redeemed by the consumer 514. If the incentive is not

25 selected or thrown away, it may be ignored in which case the consumer may view and select it at a later time 515. Issuers may have the option of revoking any incentive at any time before it has been selected. For example, issuers may instruct the system to automatically revoke all non-selected incentives once selection or redemption reaches a certain number. After either discarding or ignoring an incentive, the consumer returns to

30 the list of offered incentives 509. After selecting new incentives (or performing other account functions) the consumer may return to the account home page and select other account functions 504. Finally, the consumer will log-off and disconnect 516. If the consumer was not already registered upon connecting 502, he or she can then register 517. In the preferred embodiment, proprietary cards imprinted with inactive customer

35 identification numbers may be distributed via direct mail, magazine inserts, store displays, etc. In alternate embodiments, existing cards with unique identifiers such as driver's licenses frequent shopper cards, frequent flyer card, or credit cards might be used in place

of proprietary cards. In future embodiments, the system might utilize voice recognition, fingerprint recognition, or retina scanning equipment, or other identification devices that do not require a card or other physical record of the unique identifier. If the consumer has an inactive unique identifier (account number) 518, he or she may activate it by providing the 5 unique customer identification name or number imprinted on the card to the SSS 519. The customer would then provide their name, address (email and physical), phone number, demographic data, and preferences to complete activation 520. The customer might also select and enter a PIN number to ensure secure access to their account 521. The customer could then access incentives and redeem incentives normally 503. If the 10 consumer does not have an inactive identifier 518, he or she may access the CEIS and activate an account by entering the requested information 522. The customer might also select and enter a PIN number to ensure secure access to their account 523. The consumer would be given their unique identifier, which they might be able to print out as a bar-coded card (for either temporary or permanent use) via their home printer 524. A 15 permanent card might be mailed later 525. Alternately consumers may request a card via phone, email, or mail. The card would then be sent to the consumer via mail. The customer data might be provided when the card is requested, or alternately after the card is received. Once registered, the customer could then log in and access incentives and redeem incentives normally 503.

20 Fig. 7 shows a flow diagram of the Redemption Process 600 of the Centralized Electronic Incentive Method. The consumer visits a retailer and selects goods or services to be purchased 601. The retailer's POS system identifies and records the goods and services by unique identifiers such as UPC or other identification system 602. The POS system may use bar code scanner or similar data input device to read the products' or 25 services' identifiers. The customer provides their unique identifier to the retailer's POS system 603. In the preferred embodiment the POS system will read a bar code or magnetic strip on a card. The card may be proprietary or it may be the same card used for driver's license, credit card, frequent flyer card, or similar. In another embodiment the customer may be identified before the products or services are entered into the POS system. The POS system will then transmit a batch of data to the CEIS using dial-up 30 connection, Internet, Intranet, wireless, or other form of remote connection 604. This batch of data will include the customer's unique identifier, a list of each product or service (using unique identifiers), the time, date, and location of the purchase, and the price of each item. Within the CEIS, the data will be routed to the Redemption System, which will make a 35 record of the data and then submit it to the Selection and Storage System 605. The SSS will compare the customer's purchases with their active incentives and identify the incentives for which all requirements have been met 606. The SSS will electronically mark

each incentive for which all requirements have been met as 'redeemed' so that it cannot be used again 607. The SSS may also update the partial fulfillment record of incentives for which the requirements are designed to be fulfilled over a period of time. The SSS will then make a record of the list and total of fulfilled incentives and then transmits it to the RS 5 608. The RS will make a record of the list and total of fulfilled incentives and then forward part or all of the list and/or total to the retailer 609. In the preferred embodiment this entire process will be completed within a matter of seconds. In another embodiment this process will be conducted in an online, rather than batch process. In the online 10 embodiment each item's identifier will be transmitted to the CEIS as it is scanned by the POS system, and fulfilled incentives will be transmitted back as they are identified. Once the retailer's POS has received the list and total of fulfilled incentives, it may print or display this information for the consumer, and then compensate the consumer for the fulfilled incentives 610. This compensation may be in the form of a credit applied to the consumer's purchases, a cash rebate, free products, retailer money, or similar 15 compensation.

Fig. 8 shows a flow diagram of an alternate embodiment of the Redemption Process 700 of the Centralized Electronic Incentive Method. This process is similar to the one in Fig. 7, except that compensation for fulfilled incentives is provided at a later time, rather than at the time of sale. The consumer visits a retailer and selects goods or 20 services to be purchased 701. The retailer's POS system identifies and records the goods and services by unique identifiers such as UPC or other identification system 702. The POS system may use bar code scanner or similar data input device to read the products' or services' identifiers. The customer provides their unique identifier to the retailer's POS system 703. In the preferred embodiment the POS system will read a bar code or 25 magnetic strip on a card. The card may be proprietary or it may be the same card used for driver's license, credit card, frequent flyer card, or similar. In another embodiment the customer may be identified before the products or services are entered in to the POS system. The POS system will record a batch of data including the customer's unique identifier, a list of each product or service (using unique identifiers), the time, date, and 30 location of the purchase, and the price of each item 704. This batch of data will be transmitted to the CEIS using dial-up connection, Internet, Intranet, wireless, or other form of remote connection 705. This data transmission may be transmitted immediately after it is recorded, or it may be transmitted at a later time. Within the CEIS, the data will be routed to the Redemption System, which will make a record of the data and then submit it 35 to the Selection and Storage System 706. The SSS will compare the customer's purchases with their active incentives and identify the incentives for which all requirements have been met 707. The SSS will electronically mark each incentive for which all

requirements have been met as 'redeemed' so that it cannot be used again 708. The SSS may also update the partial fulfillment record of incentives for which the requirements are designed to be fulfilled over a period of time. The SSS will then make a record of the list and total of fulfilled incentives and then transmits it to the RS 709. The RS will then 5 compensate the consumer for the fulfilled incentives 710. This compensation may be in the form of a credit to a credit card account, a cash payment via check or bank transfer, free products, entry into prize giveaways, or similar compensation. In alternate embodiments the RS may send a list and/or totals of fulfilled incentives to the issuer, retailer, or a third party (such as a credit card company, bank, or airline) which will 10 compensate the consumer after the purchase has been made.

Fig. 9 shows a flow diagram of the Clearing and Reimbursement Process 800 of the Centralized Electronic Incentive Method. The RS will send data (including customer identifier, incentives redeemed, all purchases, location, time/date, etc.) on each redemption to the CRS 801. The CRS will audit and verify each redemption or group of 15 redemptions 802. If retailers 803 made the redemptions, the CRS will provide each issuer with a list of redeemed incentives and a total redeemed by each retailer 804. The CRS will then provide each retailer with a list of redemptions and a total redeemed for each issuer 805. The issuer may then reimburse each retailer directly for the redeemed incentives 806. In an alternate embodiment the CEIS may act as an intermediary by 20 receiving payment from the issuers and paying the retailers. If the CEIS or a third party rather than the retailers carried out the redemption, the CRS will provide each issuer with a list of redeemed incentives and a total redeemed 807. The issuer will then reimburse the CEIS or third party 808. In all of these embodiments the reimbursement can be conducted via check, electronic transfer, crediting to a supplier account, crediting to a 25 credit account, etc. If desired, the reimbursement in all of these embodiments may be carried out automatically and either before or immediately after the redemption is made.

Fig. 10 shows a flow diagram the Data Management process 900 of the Centralized Electronic Incentive Method. The SSS updates the TDS with data on incentives, system usage, and customer demographics and preferences 901. Incentive 30 data will include lists of activated incentives, expired incentives, not yet viewed incentives, throw-away incentives, viewed but not selected incentives, and partially fulfilled incentives. System usage data will include time and date of visits to the CEIS by each customer. Demographic data will include name(s), age(s), address, email address, phone number, gender, family size, income, sending by category, zip code, own/lease residence, etc. 35 Preference data will include favorite brands, products, type of incentives, etc. The CRS will update the TDS with data on all each consumer's redemptions and purchases 902. Redemption data will include each consumer's identifier along with a list of redeemed

incentives (including unique incentive identifiers, incentive details, etc.) and the time, date and location of redemptions. The purchase data will include each consumer's identifier, time/date of purchase, location of purchase (retailer unique identifier), a list of product or services purchases (using product identifiers), and prices for each product. This data may

5 be updated to the TDS either in real-time or periodically. The updated TDS can then prepare and deliver reports and/or raw data for retailers on incentive usage and consumer buying patterns 903. The updated TDS can also prepare and deliver reports and/or raw data for issuers on incentive usage and consumer buying patterns 904. These reports will allow issuers to track the progress of their incentive campaign and make adjustments.

10 Finally, with the updated data the TDS will be prepared to receive new criteria to re-target or adjust existing incentive campaigns or to initiate new campaigns 905.

Although the present invention has been described in detail with reference to certain preferred embodiments, other embodiments are possible. Therefore, the spirit and scope of the appended claims should not be limited to the description of the preferred

15 embodiments herein.

What is claimed is:

1. 1. A computer implemented electronic incentive method comprising the steps of:
  2. a. in a central computer, identifying a consumer to be offered incentives and making incentives for products and services electronically available to the consumer identified;
  5. b. allowing the consumer to select one or more incentives when the consumer links to the central computer;
  7. c. identifying the consumer with a selected incentive and storing the selected incentive by consumer in the central computer;
  9. d. electronically transmitting by the retailer a list of consumer purchases to the central computer when a consumer makes a purchase from a retailer; and
  11. e. comparing the list of purchases with the selected incentives for the consumer and if a match is made:
    13. i. applying the incentive to the purchase;
    14. ii. indicating the incentive as redeemed so the consumer cannot use it again.
1. 2. The method of claim 1 wherein making incentives for products and services electronically available comprises:
  3. a. submitting criteria for consumers to be offered incentives by an issuer of incentives to a targeting and distribution function;
  5. b. identifying the targeted consumers by the targeting and distribution function using the criteria and notifying the issuer of the targeted consumers; and
  7. c. after the issuer approves the targeted consumers, making the incentives electronically available to the consumer.
1. 3. The method of claim 1 wherein identifying the consumer with a selected incentive and storing the selected incentive by consumer comprises:
  3. a. assigning a unique identifier to each consumer;
  4. b. allowing the consumer to view and select incentives; and
  5. c. storing the incentive and the consumer's unique identifier when the consumer selects incentives.
1. 4. The method of claim 1 wherein the identifying consumer step comprises identifying consumers to be offered incentives based on previous purchases by the consumer and incentives selected by the consumer.
1. 5. The method according to claim 1 wherein the identifying consumer step comprises identifying consumers to be offered incentives based on a demographic profile of the consumer and the consumer's stated preferences.
1. 6. The method according to claim 1 wherein an incentive issuer identifies the consumer to be offered incentives.

- 1    7. The method according to claim 6 further comprising notifying the issuer of the  
2        incentives redeemed by the consumer.
- 1    8. The method of claim 1 further comprising sending a list of redeemed incentives to the  
2        retailer.
- 1    9. The method of claim 1 further comprising auditing the redeemed incentives and the list  
2        of purchases for errors and fraud.
- 1    10. The method of claim 6 further comprising automatically transmitting reimbursement  
2        from an incentive issuer to the retailer.
- 1    11. The method of claim 3 further comprising recording a list of consumer purchases and  
2        the consumer identifier for use in targeting future incentives.
- 1    12. The method of claim 3 further comprising recording the redeemed incentives and the  
2        consumer identifier for use in targeting future incentives.
- 1    13. The method of claim 3 further comprising recording the selected incentives and the  
2        consumer identifier for use in targeting future incentives.
- 1    14. The method of claim 1 wherein applying the incentive to the purchase comprises  
2        automatically crediting an incentive amount to the consumer by notifying the retailer of  
3        the incentive amount and the retailer pays the incentive amount to the consumer.
- 1    15. The method of claim 1, wherein applying the incentive to the purchase comprises  
2        automatically crediting an incentive amount to the consumer by notifying the retailer of  
3        the incentive amount and the retailer deducts the incentive amount from the purchase  
4        price.
- 1    16. The method of claim 1 wherein the applying the incentive to the purchase comprises  
2        crediting the incentive amount to the consumer and sending payment to the consumer  
3        after the purchase has been made.
- 1    17. The method of claim 16 wherein sending payment to the consumer comprises paying  
2        the consumer by selecting payment from the group consisting of sending a check in  
3        the incentive amount to the consumer, electronically transferring the incentive amount  
4        to the consumer's bank account and crediting the incentive amount to the consumer's  
5        credit card account.
- 1    18. The method of claim 16 wherein sending payment to the consumer comprises paying  
2        the consumer by selecting from the group consisting of free products, free services  
3        and entry into contests.
- 1    19. The method of claim 16 further comprising automatically reimbursing the retailer for  
2        the incentive amount.
- 1    20. The method of claim 19 wherein the incentive amount for each purchase from a  
2        retailer are summed together and stored prior to automatically reimbursing the retailer.

- 1        21. The method of claim 20 wherein the automatic reimbursement to the retailer comprises  
2            selecting payment from the group consisting of sending check for the incentive to the  
3            retailer, electronically transferring the incentive amount to the retailer's bank account,  
4            crediting the incentive amount to the retailer's credit card account and crediting the  
5            incentive amount to purchases made by the retailer for products and services.
- 1        22. The method of claim 1 further comprising storing the list of purchases along with the  
2            consumer identification in the centralized computer.
- 1        23. The method of claim 22 further comprising using the list of purchases by the consumer  
2            and consumer identification to determine a selection of incentives for products and  
3            services that will be made electronically available to the consumer.
- 1        24. The method of claim 1 further comprising after applying the incentive to the purchase  
2            identifying that the incentive is no longer available to the consumer.
- 1        25. The method of claim 1 wherein in step b the selected incentive by consumer is stored  
2            as a database entry organized by consumer identifier.
- 1        26. The method of claim 25 further comprising after the selected incentive is applied to a  
2            purchase, changing the database entry to indicate the consumer has used the  
3            selected incentive.
- 1        27. The method of claim 25 further comprising allowing the consumer to print or  
2            electronically record a summary list of all incentives selected by the consumer.
- 1        28. The method of claim 1 further comprising for each consumer, totaling and storing the  
2            amount of incentives applied to purchases by the consumer and allowing the  
3            consumer to access these totals by connecting to the computer system.
- 1        29. A method of using an electronic incentive system comprising:
  - 2            a. making incentives available in a central incentive system located within a computer  
3                system;
  - 4            b. targeting incentives to specific consumers;
  - 5            c. allowing a consumer to connect to the central incentive system;
  - 6            d. if this is the first time the consumer has accessed the central incentive system,  
7                assigning an identifier to the consumer;
  - 8            e. based on the consumer's identifier, allowing the consumer to selectively view  
9                incentives located in the central incentive system;
  - 10            f. allowing the consumer to select incentives and storing the consumer identifier  
11                along with the consumer's selected incentives;
  - 12            g. transmitting the purchases of the consumer when the consumer makes a purchase  
13                at a retailer and gives the retailer the consumer's identifier and the retailer  
14                connects to the central incentive system; and

15        h. comparing the purchases to the stored selected incentives for the consumer and if  
16        a match, applying the incentive and compensating the consumer.

1        30. The method of claim 29 wherein the applying incentive step comprises if the incentive  
2        is to be given to the consumer by the retailer, the central incentive system sends  
3        incentive information to the retailer and the retailer gives the incentive directly to the  
4        consumer at the time of the consumer purchase.

1        31. The method of claim 29 wherein the applying incentive step comprises compensating  
2        the consumer by the central incentive system.

1        32. The method of claim 31 wherein compensation to the consumer by the central  
2        incentive system comprises paying the consumer by sending the consumer a check.

1        33. The method of claim 31 wherein compensation to the consumer by the central  
2        incentive system comprises paying the consumer by electronically transferring the  
3        incentive to the consumer's bank account.

1        34. The method of claim 31 wherein compensation to the consumer by the central  
2        incentive system comprises paying the consumer by crediting the incentive to the  
3        consumer's credit card.

1        35. The method of claim 31 wherein compensation to the consumer by the central  
2        incentive system comprises selecting from the group consisting of free products or  
3        services.

1        36. The method of claim 29 wherein the applying incentive step comprises compensating  
2        the consumer by the central incentive system sending the incentive and consumer  
3        identifier to an incentive issuer who reimburses the consumer.

1        37. The method of claim 30 further comprising if the incentive is to be given to the  
2        consumer by the retailer, the central incentive system reimburses the retailer directly.

1        38. The method of claim 37 wherein the reimbursement to the retailer by the central  
2        incentive system comprises paying the retailer by sending the retailer a check.

1        39. The method of claim 37 wherein the reimbursement to the retailer by the central  
2        incentive system comprises paying the retailer by electronically transferring the  
3        incentive to a bank account of the retailer.

1        40. The method of claim 37 wherein reimbursement to the retailer by the central incentive  
2        system comprises paying the retailer by crediting the incentive to a credit card account  
3        of the retailer.

1        41. The method of claim 37 wherein reimbursement to the retailer by the central  
2        incentive system comprises paying the retailer by crediting the incentive to purchases  
3        made by the retailer.

1        42. The method of claim 29 further comprising:

2        a. recording the purchases of the consumer;

3       b. storing the incentives used by the consumer; and  
4       c. using the purchases and incentives to target future incentives to the consumer.

1       43. The method of claim 29 further comprising using the purchases and incentives to  
2       target future incentives to a group of consumers to which the consumer belongs.

1       44. The method of claim 29 further comprising making data on purchases of the consumer  
2       available to product manufacturers and service providers.

1       45. The method according to claim 6 further comprising notifying the issuer of the  
2       incentives selected by the consumer.

1       46. Computer executable software code stored on a computer readable medium, the code  
2       for a computer implemented electronic incentive method comprising:  
3       a. code for making incentives for products and services electronically available to a  
4       consumer;  
5       b. code for allowing the consumer to select one or more incentives by linking to the  
6       computer system;  
7       c. code for identifying the consumer with a selected incentive and storing the selected  
8       incentive and consumer identification in the computer system;  
9       d. code for when a consumer makes a purchase from a retailer, electronically  
10       transmitting by the retailer a list of purchases by the consumer to the computer  
11       system; and  
12       e. code for comparing the list of purchases with the selected incentives for the  
13       consumer and if a match is made, applying the incentive to the purchase.

1       47. A computer-readable medium having computer-executable software code stored  
2       thereon, the code for a computer implemented electronic incentive method comprising  
3       code for:  
4       a. making incentives available in a central incentive system located within a computer  
5       system;  
6       b. targeting incentives to specific consumers;  
7       c. allowing a consumer to connect to the central incentive system;  
8       d. if this is the first time the consumer has accessed the central incentive system,  
9       assigning an identifier to the consumer;  
10       e. based on the consumer's identifier, allowing the consumer to selectively view  
11       incentives located in the central incentive system; and  
12       f. allowing the consumer to select incentives and storing the consumer identifier  
13       along with the consumer's selected incentives;  
14       g. transmitting the purchases of the consumer when the consumer makes a purchase  
15       at a retailer and gives the retailer the consumer's identifier and the retailer  
16       connects to the central incentive system;

17       h. comparing the purchases to the stored selected incentives for the consumer and if  
18            a match, applying the incentive and compensating the consumer.

1       48. An electronic incentive system comprising:  
2           a. means for identifying a consumer to be offered incentives;  
3           b. means for making incentives for products and services electronically available to  
4            the consumer identified;  
5           c. means for allowing the consumer to select one or more incentives when the  
6            consumer links to the computer system;  
7           d. means for identifying the consumer with a selected incentive and storing the  
8            selected incentive and consumer identification in the computer system;  
9           e. means for electronically transmitting by the retailer a list of purchases by the  
10           consumer and the consumer's identification to the computer system when a  
11           consumer makes a purchase from a retailer; and  
12           f. means for comparing the list of purchases with the selected incentives for the  
13           consumer and if a match is made:  
14              i. means for applying the incentive to the purchase;  
15              ii. means for indicating the incentive as redeemed so the consumer cannot use it  
16           again.

1       49. An electronic incentive system comprising:  
2           a. means for making incentives available in a central incentive system located within  
3            a computer system;  
4           b. means for targeting incentives to specific consumers;  
5           c. means for allowing a consumer to connect to the central incentive system;  
6           d. means for if this is the first time the consumer has accessed the central incentive  
7            system, assigning an identifier to the consumer;  
8           e. means for based on the consumer's identifier, allowing the consumer to selectively  
9            view incentives located in the central incentive system;  
10           f. means for allowing the consumer to select incentives and storing the consumer  
11            identifier along with the consumer's selected incentives;  
12           g. means for transmitting the purchases of the consumer when the consumer makes  
13            a purchase at a retailer and gives the retailer the consumer's identifier and the  
14            retailer connects to the central incentive system; and  
15           h. means for comparing the purchases to the stored selected incentives for the  
16            consumer and if a match, applying the incentive and compensating the consumer.

- 1        50. A computer implemented electronic incentive method comprising the steps of:
  - 2            a. in a central computer, identifying a consumer to be offered incentives and making
  - 3                incentives for products and services electronically available to the consumer
  - 4                identified;
  - 5            b. allowing the consumer to view one or more incentives when the consumer links to
  - 6                the central computer;
  - 7            c. identifying the consumer with an incentive and storing the incentive by consumer in
  - 8                the central computer;
  - 9            d. electronically transmitting by the retailer a list of consumer purchases to the central
  - 10               computer when a consumer makes a purchase from a retailer; and
  - 11            e. comparing the list of purchases with the incentives for the consumer and if a match
  - 12               is made:
    - 13                i. applying the incentive to the purchase;
    - 14                ii. indicating the incentive as redeemed so the consumer cannot use it again.

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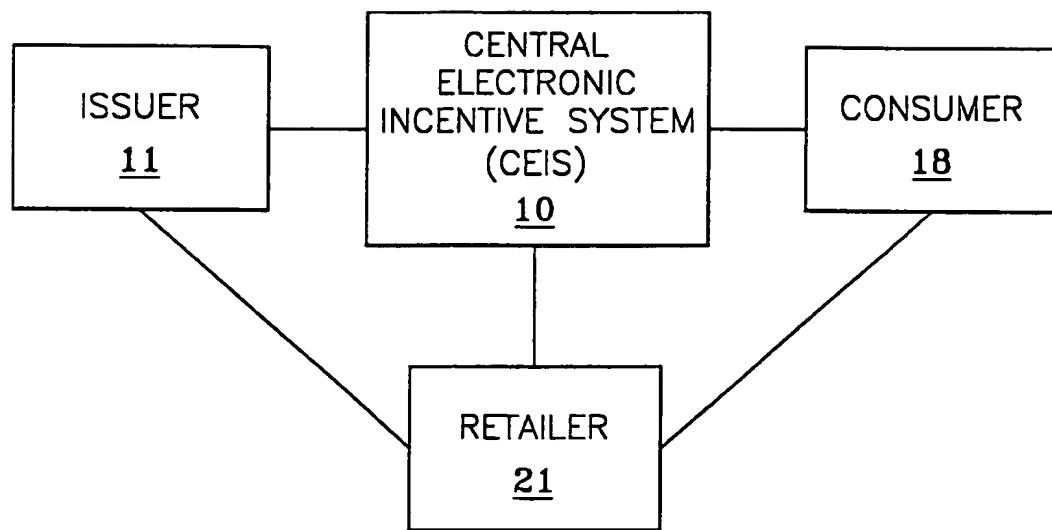
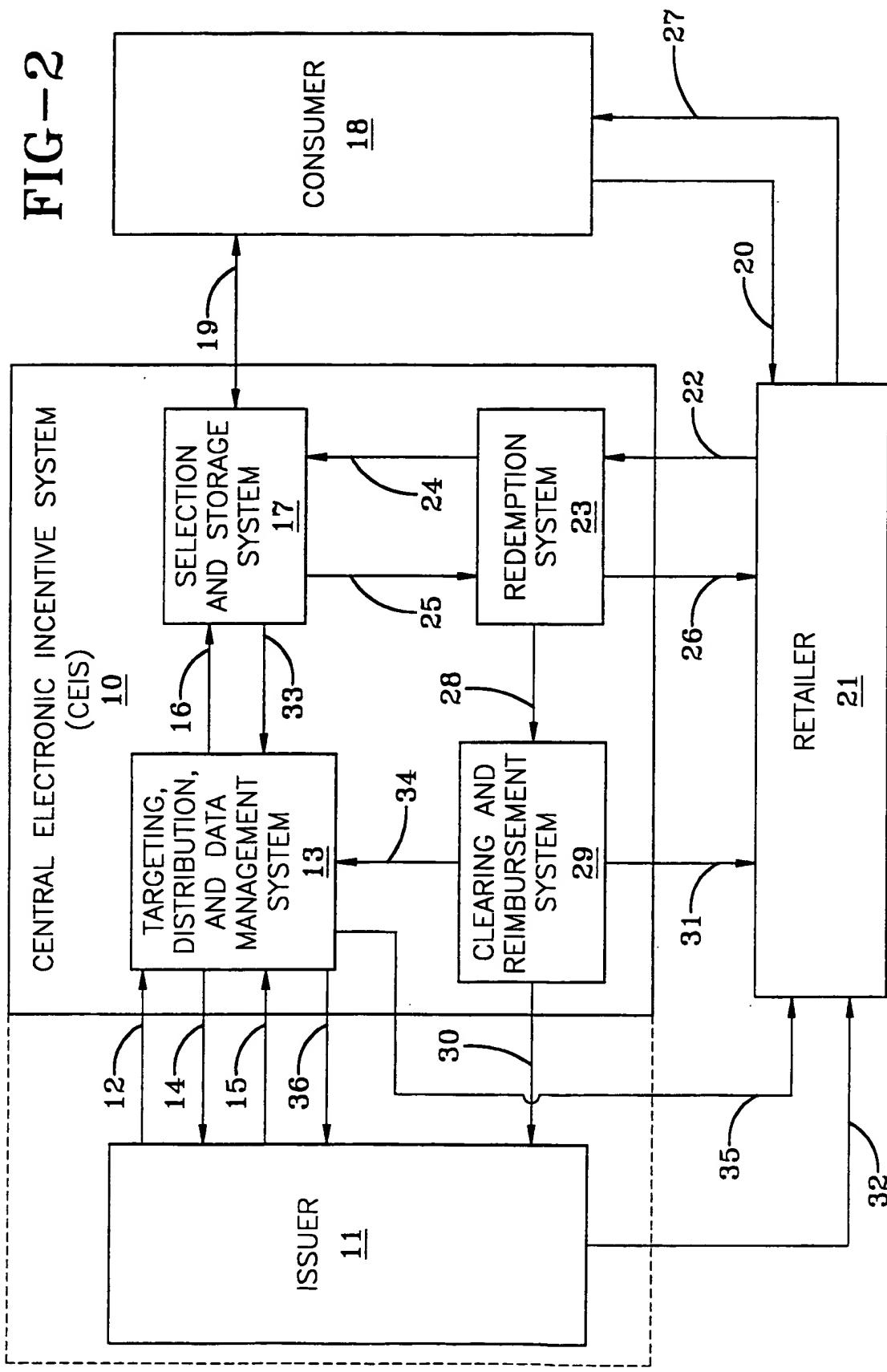


FIG-1

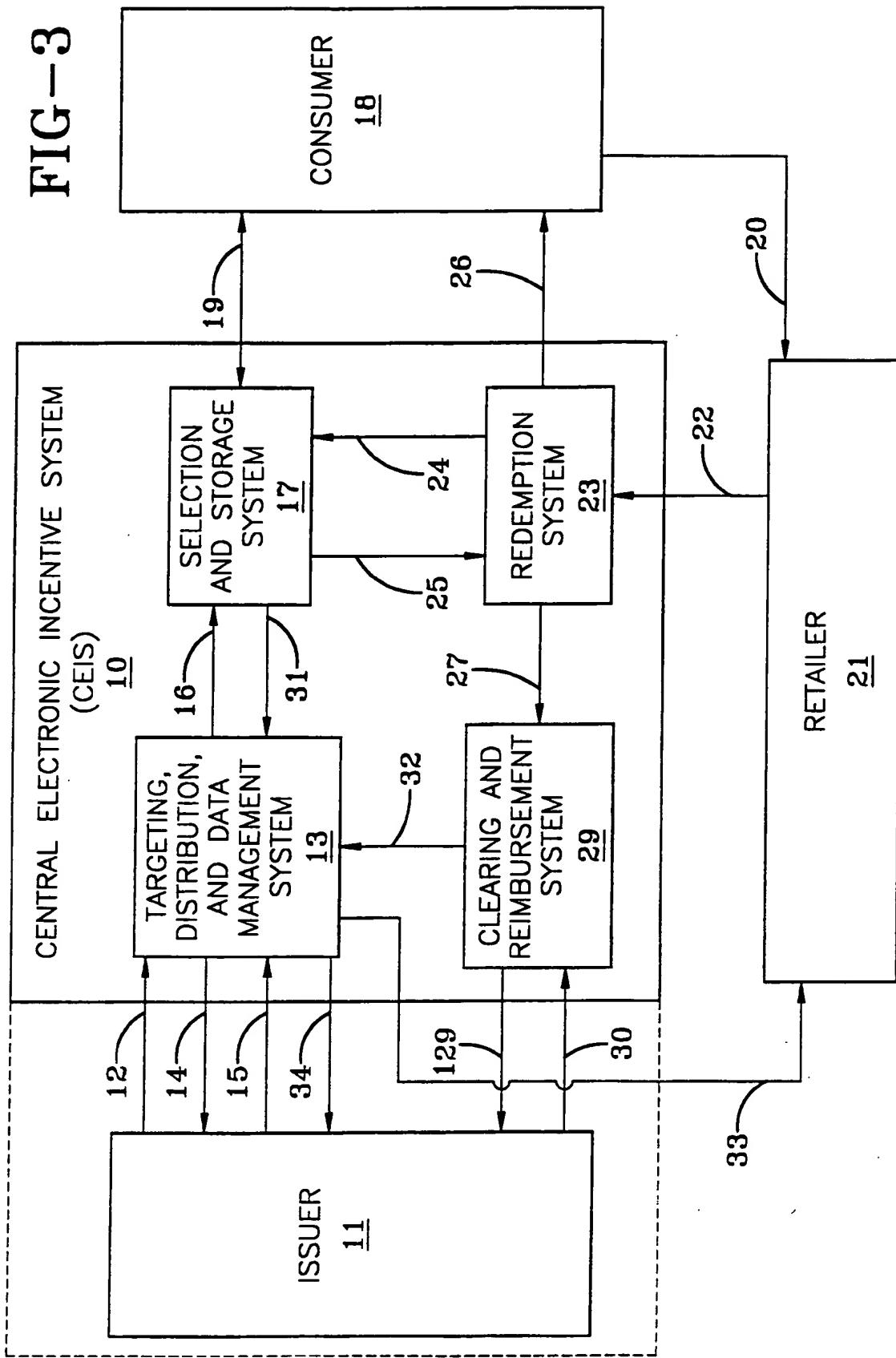
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FIG-2

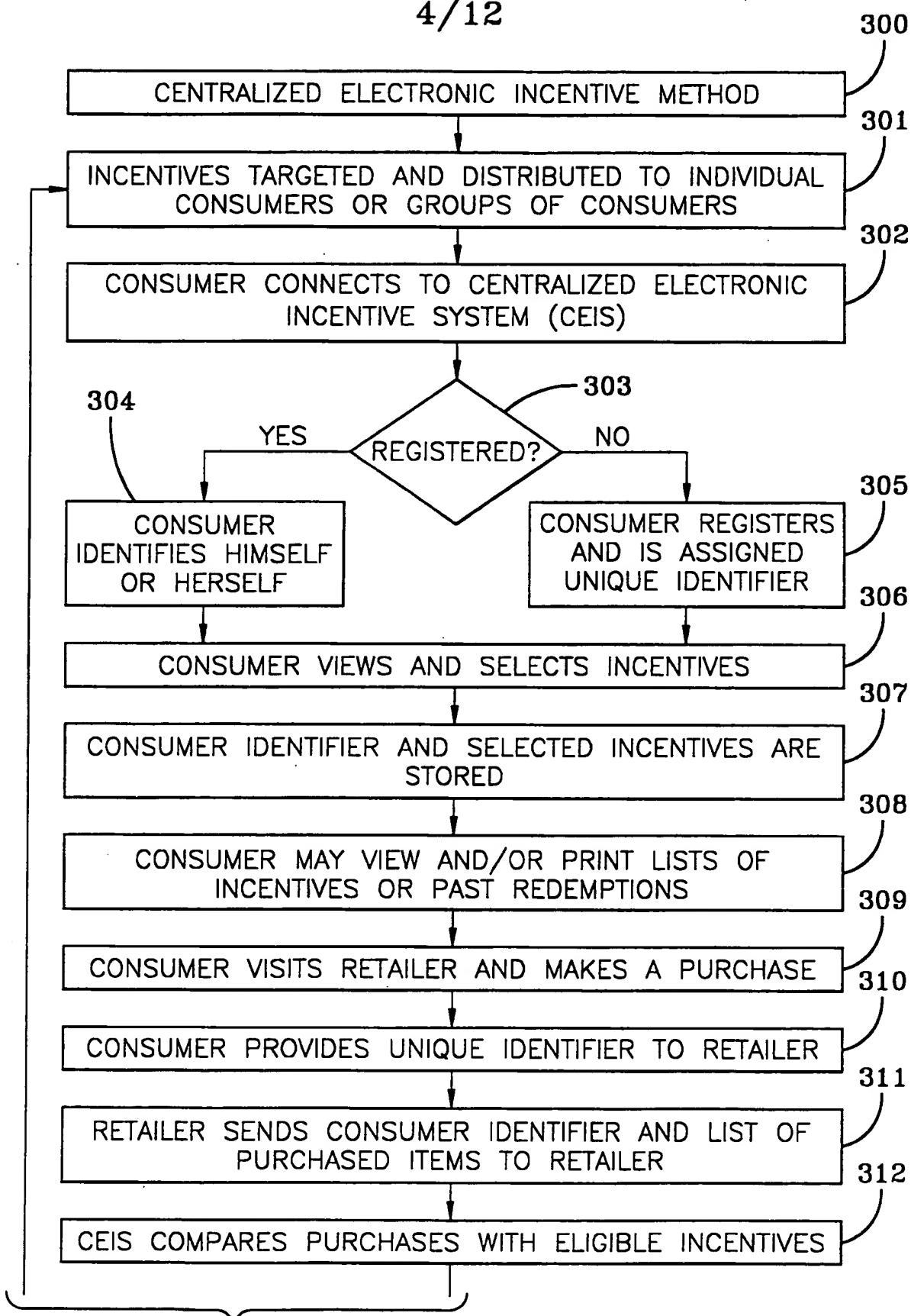


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FIG-3



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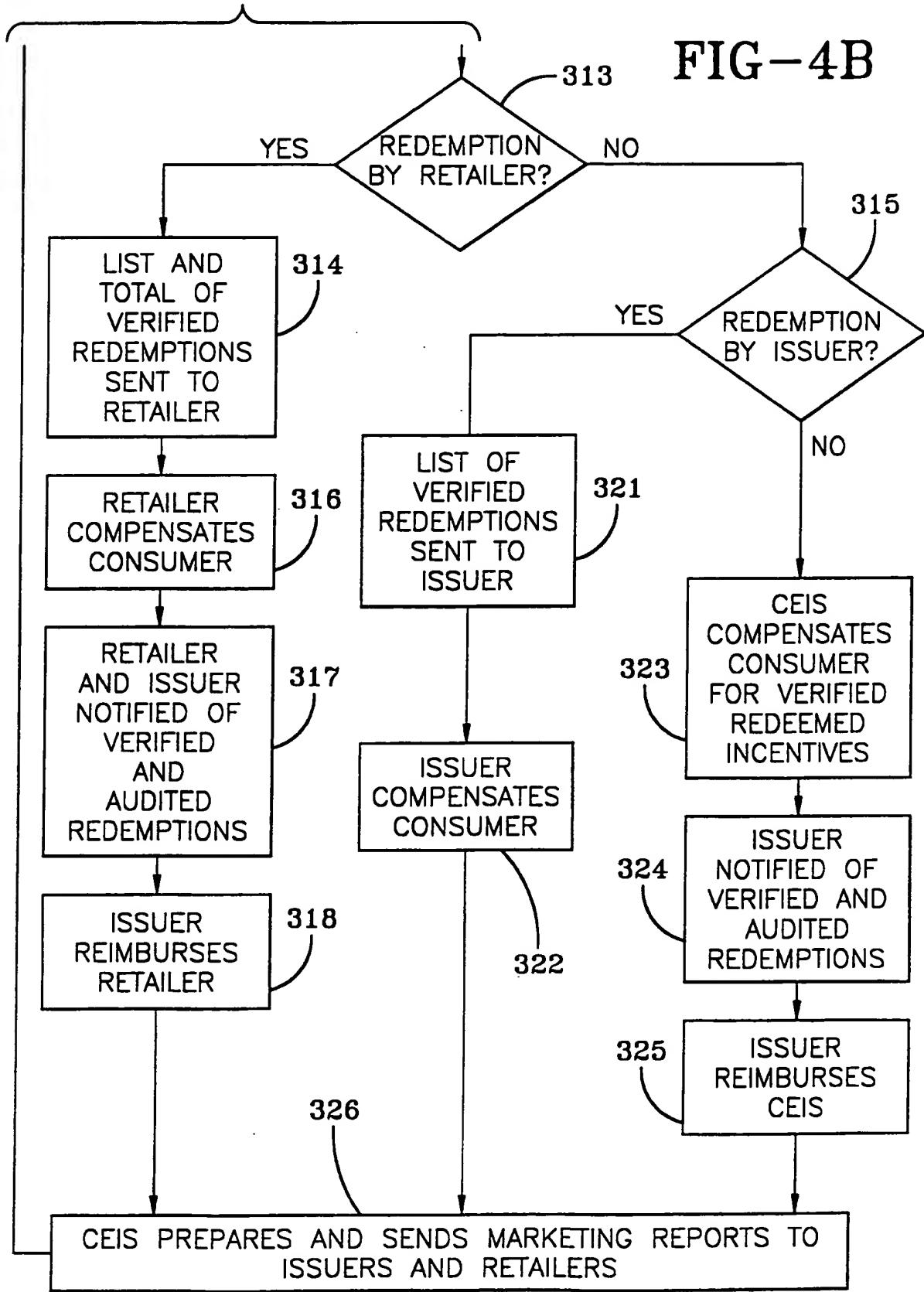
TO FIG-4B

FIG-4A

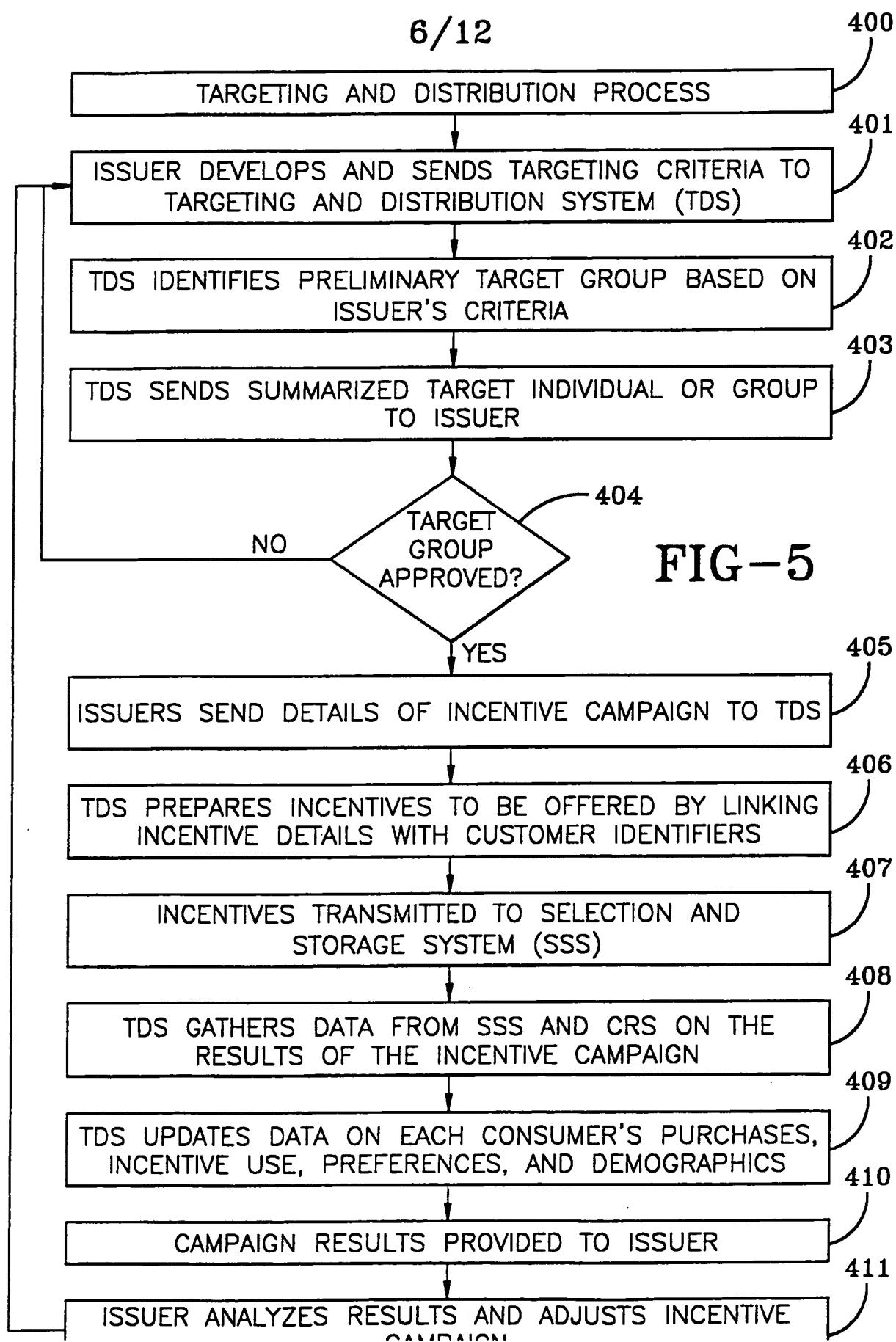
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FROM FIG-4A

FIG-4B



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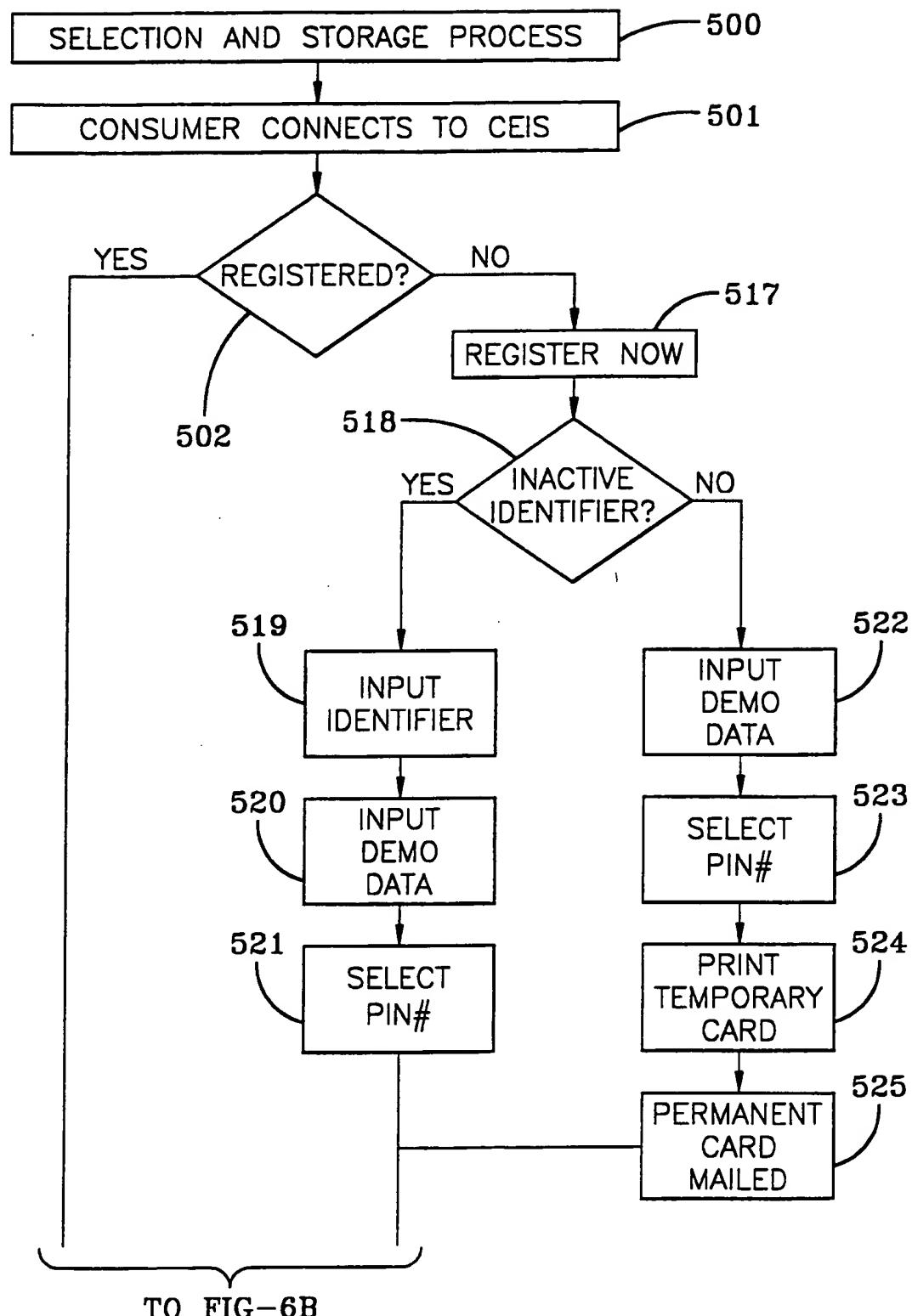
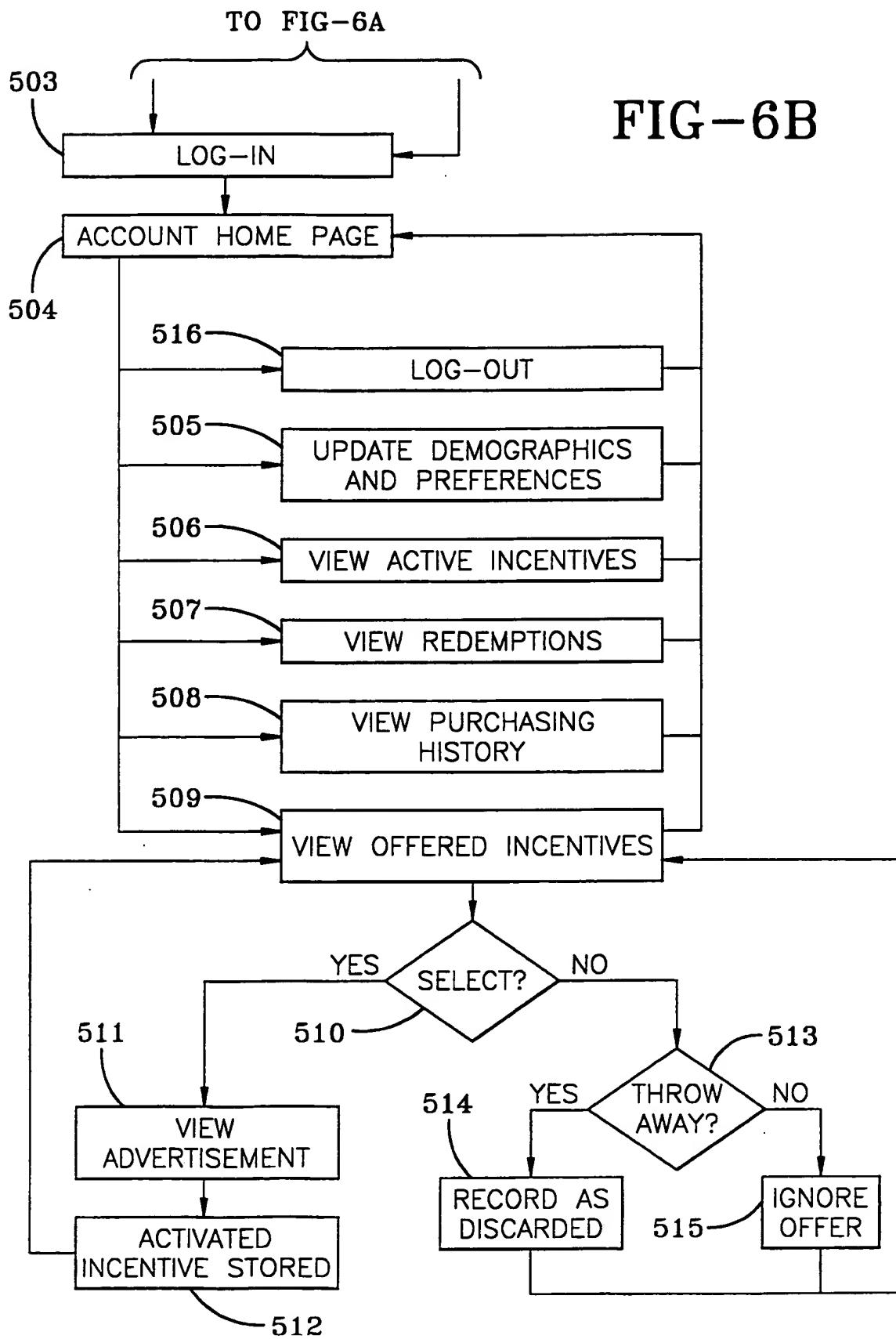
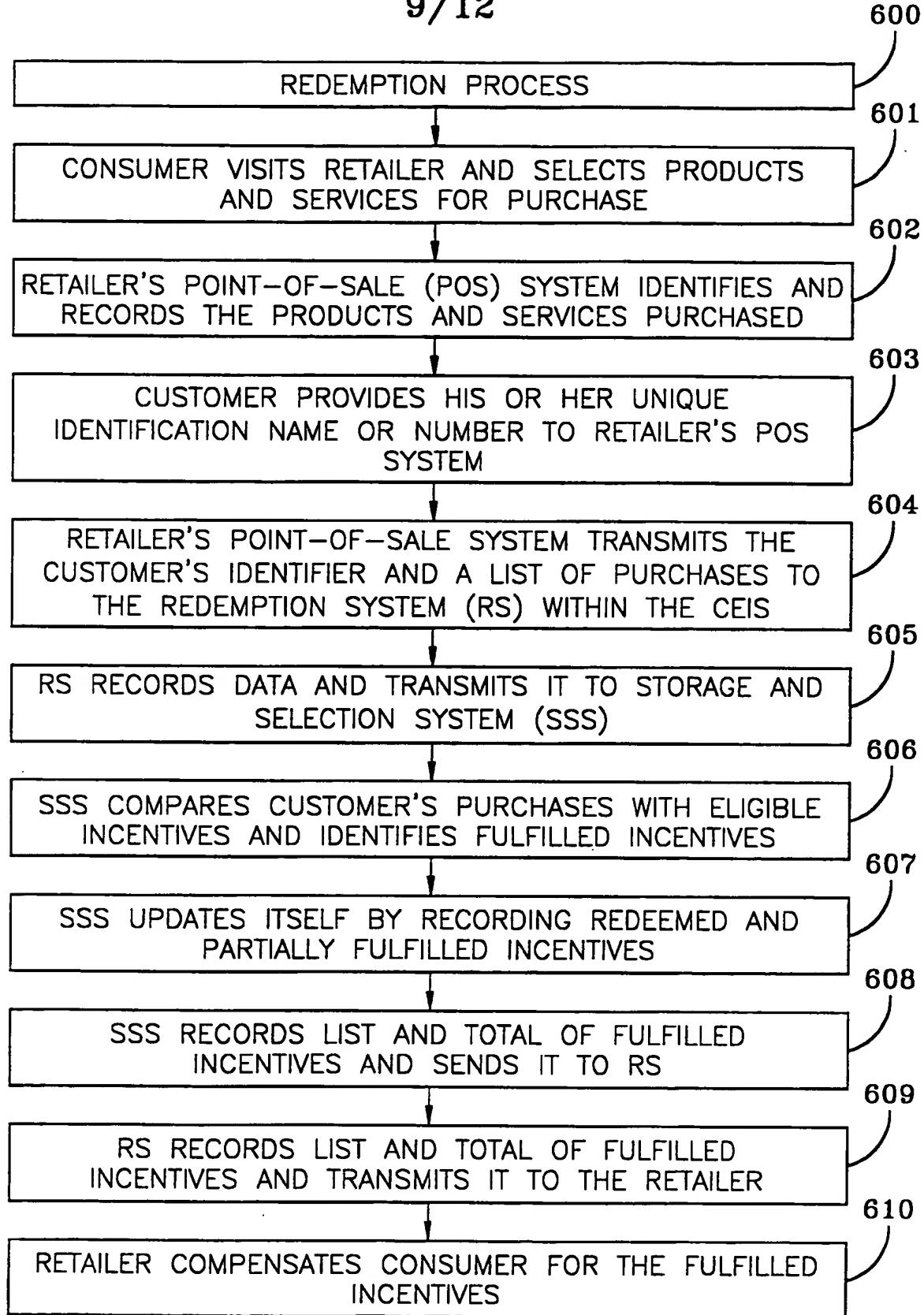


FIG-6A

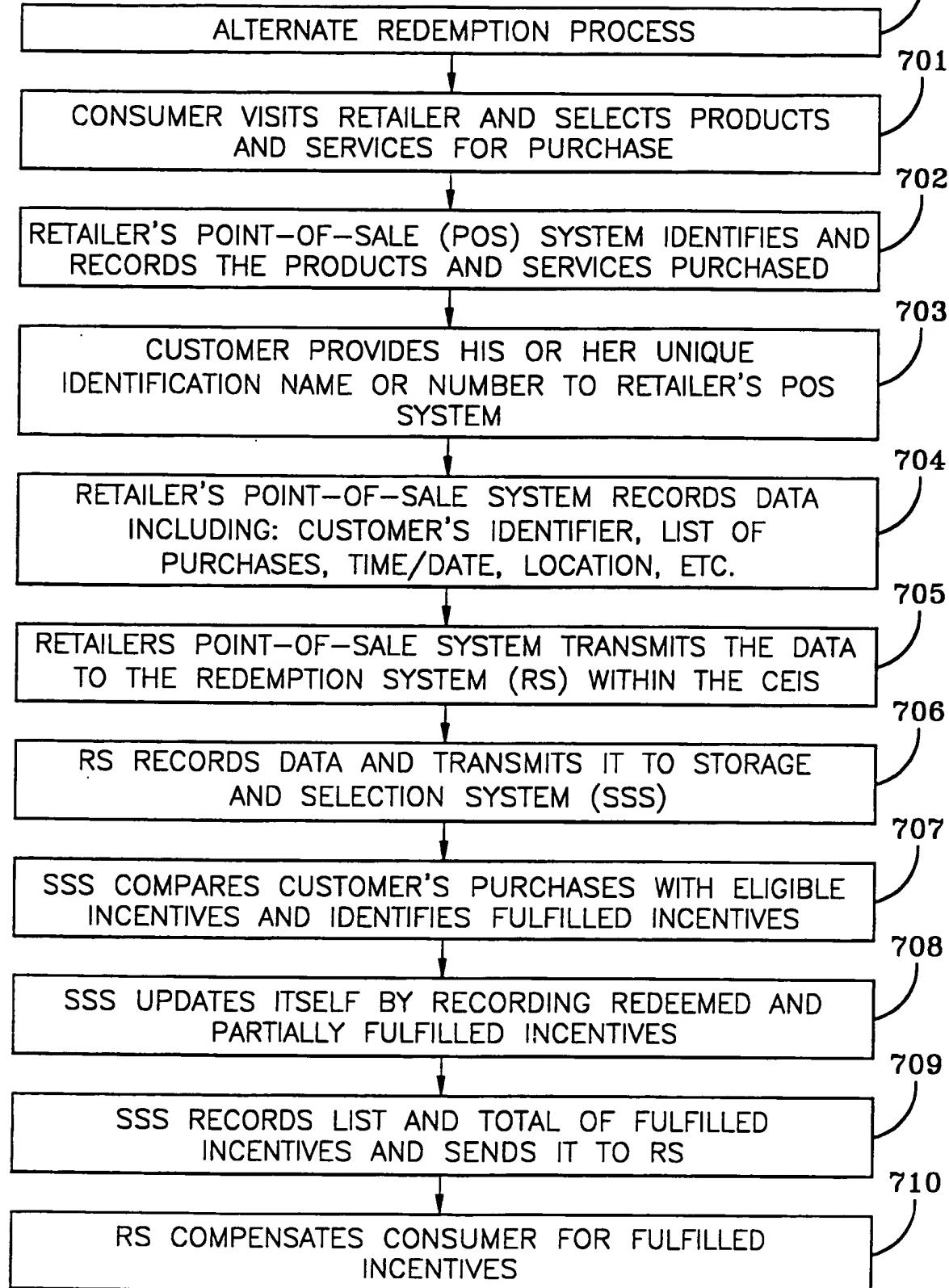
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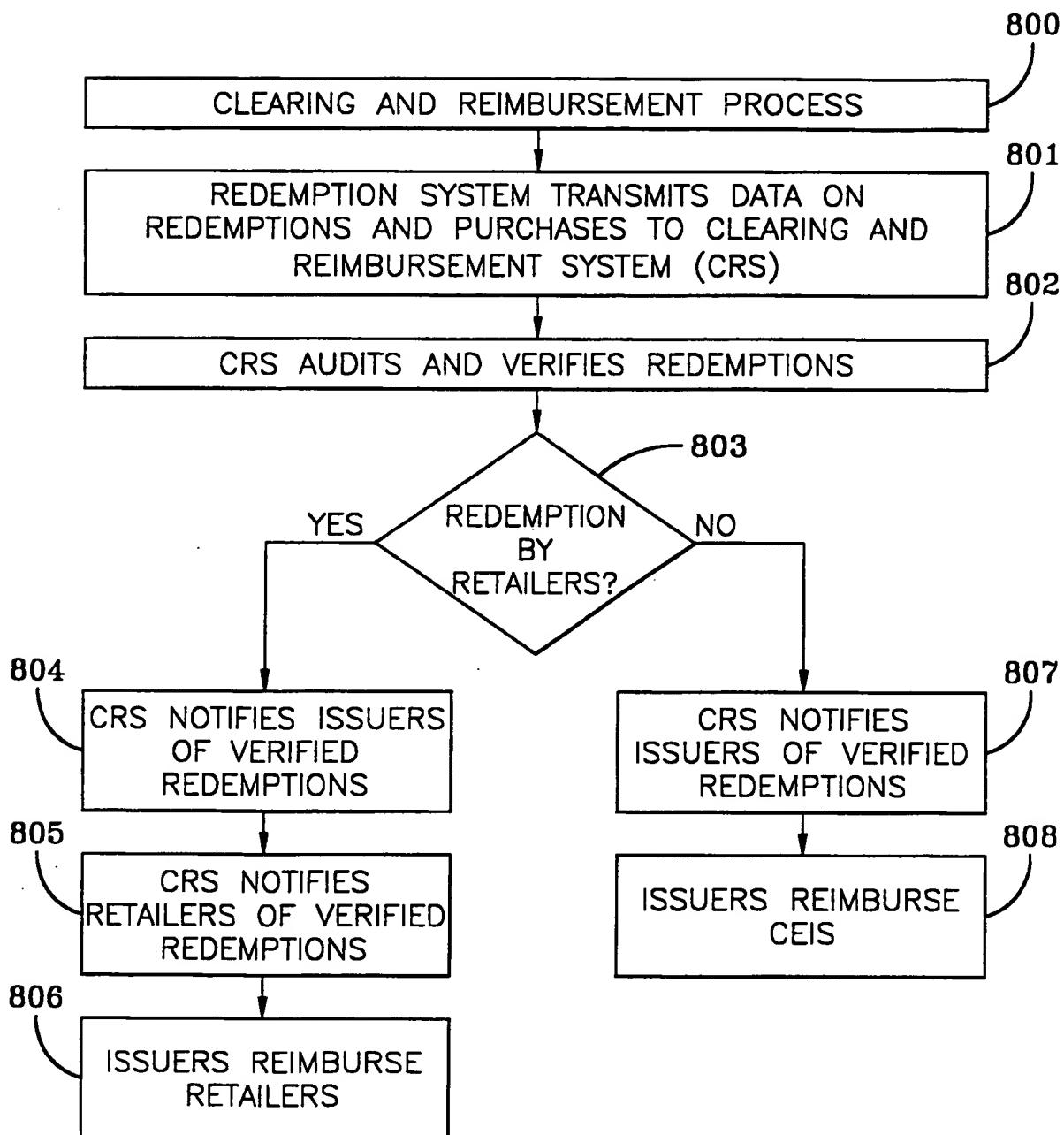


FIG-9

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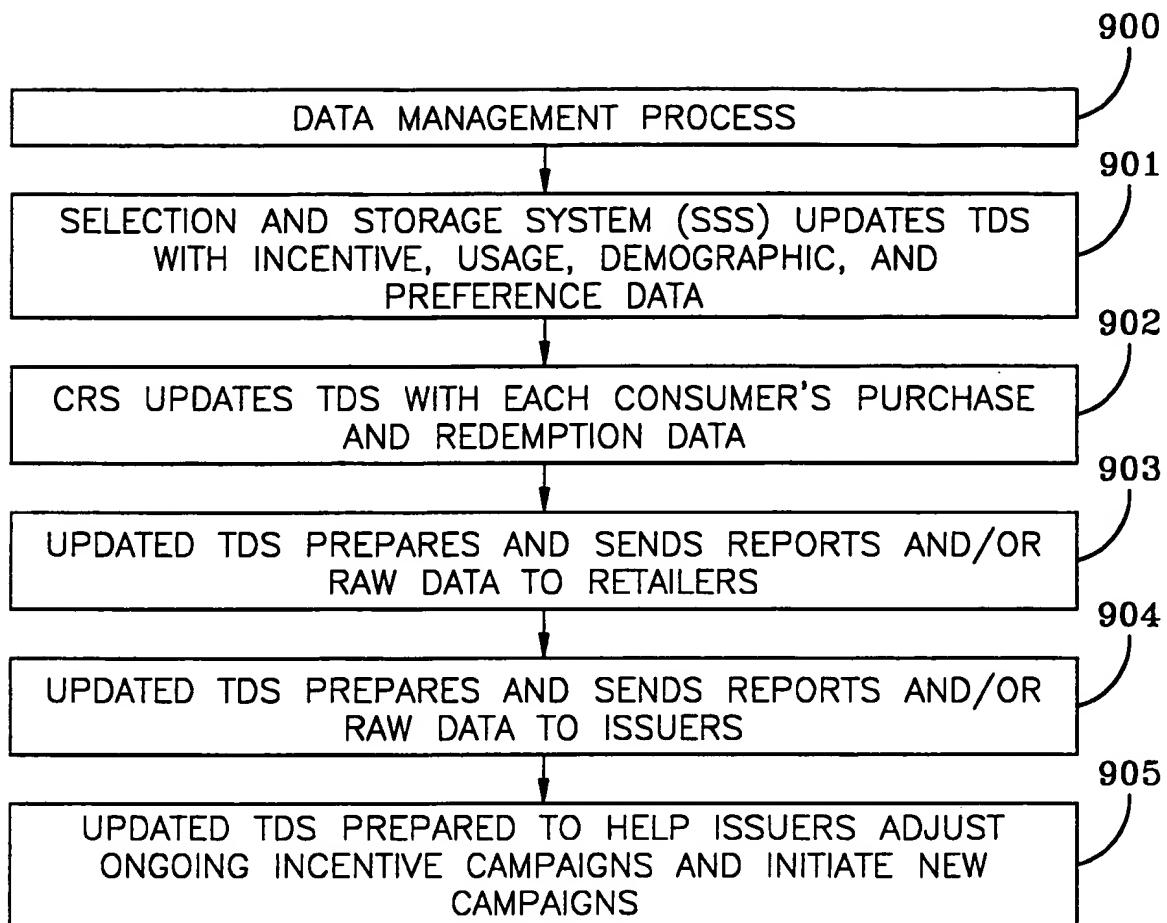


FIG-10